Arts, Washington, DC 20506, or call 202/682–5433.

Dated: July 28, 1995.

Yvonne M. Sabine,

Director, Office of Council and Panel Operations, National Endowment for the Arts.

[FR Doc. 95–19162 Filed 8–2–95; 8:45 am]

BILLING CODE 7537–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–36029; File No. SR–NYSE–95–07]

Self-Regulatory Organization; Filing and Order Granting Accelerated Approval of Proposed Rule Change and Amendment No. 1 to Proposed Rule Change by New York Stock Exchange, Inc., Relating to Listing Standards for Options on Securities Issued in Certain Corporate Restructuring Transactions

July 27, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on March 1, 1995, the New York Stock Exchange, Inc. (''NYSE'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. On July 18, 1995, the Exchange submitted to the Commission Amendment No. 1 to the proposed rule change.[3] The Commission is approving the proposal, as amended, and soliciting comments from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend its initial listing standards for options as set forth in NYSE Rule 715 in order to permit the listing of options on securities issued by public companies in connection with corporate spin-offs, reorganizations, recapitalizations, restructurings and similar corporate transactions at an earlier time than is presently the case.[4] Similarly, NYSE proposes to amend its options maintenance standards as set forth in Rule 716 in order to give Restructure Securities greater opportunity to meet those standards during the first months after issuance. The text of the proposed rule change is available at the Office of the Secretary, the Exchange, and at the Commission.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in section (A), (B), and (C) below, of the most significant aspects of such statements.

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

The options exchanges currently maintain uniform standards regarding approval of underlying securities for options trading.[5] Specifically, to be options eligible, a security shall meet the following guidelines: (1) Trading volume in all markets of at least 2.4 million shares in the preceding twelve months (''Volume Test''); (2) market price per share of at least $7.50 for the majority of business days during the three calendar month period preceding the date of selection (''Price Test''); (3) a minimum of 7 million shares that are owned by persons other than those required to report their stock holdings under section 16(a) of the Act (''Share Requirement''); and (4) a minimum of 2,000 holders (''Number of Shareholder Requirement'').[6] The Exchange must determine that a security satisfies the above requirements, as of the date it is selected for options trading (''selection date''), before the exchange may certify the listing to the Options Clearing Corporation (''OCC''). Depending on interest from other markets, the exchange may begin options trading three or five business days after the selection date.

The options exchanges have adopted corresponding criteria for withdrawal of approval of underlying securities.[7] A security previously approved for options transactions shall be deemed not to meet the guidelines for continued listing if (1) trading volume in all markets is less than 1.8 million shares in the preceding twelve months (''Maintenance Volume Test''); (2) market price per share closes below $5.00 on a majority of business days during the preceding six calendar months (''Maintenance Price Test'');[8] (3) fewer than 6.3 million shares owned by persons not required to report their stock holdings under section 16(a) of the Act (''Maintenance Share Requirement''); or (4) there are fewer than 1,600 holders (''Maintenance Number of Shareholder Requirement'').[9]

The Exchange proposes to amend NYSE Rule 715 to permit the expedited listing of standardized options in certain restructuring transactions. The proposal will apply to securities (''Restructure Security'') issued by a public company to existing shareholders, with existing publicly traded shares subject to options trading, in connection with certain ''restructuring transactions.''[10]

Under current standards, the Exchange is generally precluded from listing eligible options on newly issued securities for at least three months, given that the guidelines require three months of price history to determine if the underlying security meets the Price Test. Additionally, the Exchange may only list eligible options on newly issued securities, if the underlying security meets the Volume Test which requires trading volume in all markets of at least 2.4 million shares in the preceding twelve months. The proposed rule change, however, would facilitate the earlier listing of options on a Restructure Security by permitting the Exchange to determine whether the

---

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* Letter from James E. Buck, Senior Vice President, NYSE, to Michael Walinskas, Branch Chief, Office of Market Supervision (''OMS''), Division of Market Regulation (''Market Regulation''), Commission, dated July 18, 1995 (''Amendment No. 1'').

[4] The Commission notes that substantively identical proposals by the other U.S. options exchanges have been recently approved. *See* Securities Exchange Act Release No. 36020 (July 24, 1995) (File Nos. SR–CBOE–95–11; SR–PSE–95–04; SR–Phlx–95–12; and SR–Amex–95–07).

[5] *See* NYSE Rule 715; Amex Rule 915; CBOE Rule 5.3; PSE Rule 3.6; and Phlx Rule 1009.

[6] This proposal addresses price, volume, public ownership, and holder requirements specifically. For a Restructure Security to meet initial listing requirements, however, it must additionally comply with all requirements set forth by the Exchange in its options eligibility rules. For example, the security must be registered, and listed on a national securities exchange, or traded through the facilities of a national securities association and reported as a ''national market system'' (''NMS'') security as set forth in Rule 11Aa3–1 under the Act, and the issuer must be in compliance with any applicable requirements of the Act. *See supra* note 5.

[7] *See* NYSE Rule 716; Amex Rule 916; CBOE Rule 5.4; PSE Rule 3.7; and Phlx Rule 1010.

[8] Additional criteria permits the underlying security under certain circumstances to trade as low as $3.00 for a temporary period of time. *See* Id.

[9] This proposal addresses maintenance criteria for market price and trading volume specifically. For a Restructure Security to meet maintenance requirements for an underlying security subject to options trading, however, it must additionally comply with all requirements set forth by the Exchange in its options eligibility rules. *See supra* note 7.

[10] The proposal defines a ''restructuring transaction'' as a spin-off, reorganization, recapitalization, restructuring or similar corporate transaction.

Restructure Security satisfies the trading volume and market price criteria by reference to the trading volume and market price history of an outstanding equity security (''Original Equity Security'') previously issued by the issuer of the Restructure Security, or affiliate thereof. In addition, the Exchange proposes specific criteria for evaluating the distribution of shares of a Restructure Security for the proposes of meeting the Share and Number of Shareholder Requirements. To the extent the initial options listing requirements are satisfied based upon these ''lookback'' provisions of the Original Equity Security and the other provisions of the proposal, then the Exchange will permit options trading to begin on the ex-date for the transaction.[11]

Before the Exchange may invoke this proposed ''lookback'' provision and utilize the volume and price of the Original Equity Security for purposes of meeting the options eligibility criteria for the Restructure Security, the Restructure Security must first satisfy one of four alternate conditions. The first three alternate conditions are intended to ensure that the trading volume and market price history of the Original Equity Security represent a reasonable surrogate for determining the likely future trading volume and price data of the Restructure Security. Under these conditions either, (a) the aggregate market value of the Restructure Security, (b) the aggregate book value of the assets attributed to the business represented by the Restructure Security (minimum $50 million) or (c) the revenues attributed to the business represented by the Restructure Security (minimum $50 million) must exceed one of two stated percentages (''Relevant Percentages'') of the same measure for the Original Equity Security.[12] The Relevant Percentages will be 25% if the applicable measure determined with respect of the Original Equity Security represents an interest in the combined enterprise prior to the restructuring transaction, and 33⅓% if the applicable measure determined with respect of the Original Equity Security represents an interest in the remainder of the enterprise after the restructuring transaction. The fourth alternate condition is that the aggregate market value represented by the Restructure Security be at least $500 million.

If any of the four alternate conditions set forth above is satisfied, a Restructure Security will qualify for the ''lookback'' provision. Under the ''lookback'' provision, a Restructure Security may be eligible for options trading immediately upon its issuance provided the following requirements are satisfied. First, the Restructure Security must satisfy the options Volume and Price Tests. The Exchange may be permitted to determine whether a Restructure Security satisfies the Volume and Price Tests by reference to the trading volume and market price history of the Original Equity Security. Under the proposed rule change, the trading volume and market price history of the Original Equity Security that occurs *prior to the restructuring ex-date* can be used for these calculations (emphasis added). Volume and price data may be derived from ''when issued'' trading in the Restructure Security. However, once the Exchange first uses ''when issued'' volume or price for the Restructure Security to satisfy the relevant guidelines, it may not use the Original Equity Security for that purpose on any subsequent trading day. In addition, both the trading volume and market price history of the Original Equity Security must be used, if either is so used.

Additionally, the Exchange must determine whether a Restructure Security will satisfy the Share and Number of Shareholder Requirements. This determination will either be based upon facts and circumstances that the Exchange expects to exist on the intended date for listing the option, or based on assumptions that are permitted under the proposal. Because the shares of the Restructure Security are to be issued or distributed to the shareholders of the issuer of the Original Equity Security, the Exchange proposes that these requirements may be satisfied based upon the Exchange's knowledge of the existing number of outstanding shares and holders of the Original Equity Security.

The Exchange further proposes that if a Restructure Security is to be listed on an exchange or automatic quotation system that has, and subjects the Restructure Security to, an initial listing requirement of no less than 2,000 holders, then the Exchange may assume that the Number of Shareholders Requirement will be satisfied. Similarly, if a Restructure Security is to be listed on an exchange or in an automatic quotation system that has, and subjects the Restructure Security to, an initial listing requirement of no less than 7 million shares, held by persons not required to report their stock holdings under section 16(a) of the Act, then the Exchange may assume that the Share Requirement will be satisfied. Additionally, if the Exchange determines that at least 40 million shares of a Restructure Security will be issued and outstanding in a restructuring transaction, then it may assume that the Restructure Security will satisfy both the Share and the Number of Shareholder Requirements.

The Exchange, however, may not rely on the above assumptions if, after reasonable investigation, it determines that either the Share or Number of Shareholder Requirement, in fact, will not be satisfied on the intended date for listing the option. In addition, pursuant to the proposal, other exchanges will have the opportunity to challenge the certification by demonstrating that the Restructure Security will not meet the initial listing criteria with respect to shares and number of shareholders.

Finally, the proposal will adopt a similar ''lookback'' provision for the Maintenance Volume Test and the Maintenance Price Test. Specifically, for purposes of satisfying these requirements, the trading volume and market price history of the Original Equity Security, as well as any ''when issued'' trading in the Restructure Security, can be used for such calculations, provided that they are only used for determining price and volume history for the period prior to commencement of trading in the Restructure Security.

The Exchange believes that the proposed rule change is consistent with section 6(b) of the Act, in general, and furthers the objectives of section 6(b)(5), in particular, in that it is designed to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

(B) Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition.

---

[11] The Exchange shall not list for trading option contracts that overlie a Restructure Security until the ex-date. The ex-date occurs at such time when shares of the Restructure Security become issued and outstanding and are not the subject of trading on a ''when issued'' basis or on another basis that is contingent upon the issuance or distribution of shares.

[12] Aggregate market values will be based on share prices that are either (a) the Restructure Security's closing prices in the primary market on the last business day preceding the selection date or (b) the Restructure Security's opening prices in the primary market on the selection date. The aggregate market value of the Restructure Security may be determined from ''when issued'' prices, if available.

Asset values and revenues will be derived from the later of (a) the most recent annual financial statements or (b) the most recent interim financial statements of the respective issuers covering a period of not less than three months. Such financial statements may be audited or unaudited and may be pro forma.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The Exchange requests accelerated effectiveness of the proposed rule change pursuant to section 19(b)(2) of the Act.

The Commission believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to national securities exchanges, particularly, section 6(b)(5) of the Act,[13] in that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, and, in general, to protect investors and the public interest.

The Commission believes that it is necessary for securities to meet certain minimum standards regarding both the quality of the issuer and the quality of the market for a particular security to become options eligible. These standards are imposed to ensure that those issuers upon whose securities options are to be traded are financially sound companies whose trading volume, market price, number of shareholders, and number of shares owned by persons not required to report their stock holdings under section 16(a) of the Act are substantial enough to ensure adequate depth and liquidity to sustain options trading that is not readily susceptible to manipulation. The Commission also recognizes that under current equity options listing criteria, existing shareholders of an issuer that becomes involved in a restructuring transaction, may be precluded for a significant period from employing an adequate hedging strategy involving options on any newly acquired Restructure Security received in connection with such transaction.

Accordingly, to determine whether the earlier listing of options overlying a Restructure Security is reasonable, the Commission must balance the benefits of providing adequate hedging strategies to shareholders of the issuer of the Restructure Security, and the risks of approving certain securities for options trading before such securities actually satisfy the options eligibility criteria, which currently, for newly issued securities, can not occur, at the very least, prior to the three months after the security begins trading. The Commission believes that the proposed limited exception to established equity options listing procedures, as proposed, strikes such a reasonable balance.

As discussed in more detail below, the Commission believes that the conditions of the new rule will help to ensure that only those securities that are most likely to have adequate depth and liquidity will be eligible for options trading prior to the establishment of a recognized trading history. Additionally, by facilitating the earlier listing of options on a Restructure Security, the Commission believes that investors formerly holding the Original Equity Security, upon which options are currently traded, should be able to better hedge the risk of their newly acquired stock position in the Restructure Security.[14]

Despite the benefits of the proposal, the Commission believes that the proposal should only apply to restructuring transactions that involve financially sound and sufficiently large companies. The Commission believes that the Exchange has addressed this concern by adding conditions to the proposal that require the Restructure Security to either satisfy certain comparative tests (comparing the Restructure Security, or its related business with that of the Original Equity Security, or its related business),[15] or meet a very high aggregate market value standard ($500 million).

The Commission believes that if one of the comparative tests is satisfied, the Restructure Security should adequately resemble the Original Equity Security to qualify for the ''lookback'' provision. Under the ''lookback'' provision, a Restructure Security will be able to satisfy the Volume and Price Tests if the trading volume and market price history of the Restructure Security, together with the trading volume and market price history of the Original Equity Security occurring prior to the ex-date, meet the existing related requirements. Moreover, the Commission believes that, given the limited scope of the proposal, it is appropriate to conclude that a Restructure Security with an aggregate market value of at least $500 million appropriately qualifies for the ''lookback'' provision.

The Commission also believes that it is appropriate for the Exchange to count ''when issued'' trading in the Restructure Security when determining if the Restructure Security will satisfy the Volume and Price Tests set forth in the initial options listing requirements. However, once the Exchange begins to use ''when issued'' volume or price history for the Restructure Security to satisfy the Volume or Price Tests, it may not use the Original Equity Security for such purposes on any subsequent trading day. In addition, both the trading volume and market price history of the Original Equity Security must be used, if either is so used. For example, if in order to satisfy the Volume Test for a Restructure Security for which the ex-date is expected to be February 1, 1996, an exchange may elect to base its determination on the trading volume of the Original Equity Security from February 1, 1995 through December 27, 1995, and then utilize the trading volume in the when-issued market for the Restructure Security from December 28, 1995 through January 31, 1996, in determining whether options covering the Restructure Security may be listed on the February 1 ex-date. Under this example, after December 28, 1995, only when-issued trading data for the Restructure Security may be used in determining whether it meets the Volume and Price Tests. An exchange, however, would be permitted to use the volume and price history of the Original Equity Security throughout the entire period prior to February 1, 1996, provided that it did not rely on any when-issued trading data during that period.

The Commission notes that the Exchange shall not use trading history relating to the Original Equity Security after the exdate to meet the initial options listing requirements for the option contracts overlying the Restructure Security. Additionally, the condition that option contracts overlying a Restructure Security shall not be initially listed for trading until such time as shares of the Restructure Security are issued and outstanding and are the subject of trading that is not on a ''when issued'' basis or in any other way contingent on the issuance or distribution of the shares will ensure that options will only be traded on a Restructure Security when it is certain the security is actually issued and outstanding.

In addition to satisfying the Volume and Price Tests, a Restructure Security must also meet certain distribution requirements before the Exchange can deem such security to be options eligible. Specifically, the Restructure Security must have 2,000 holders, and 7 million shares must be owned by

[13] 15 U.S.C. 78f(b)(5).

[14] Although not specifically addressed by the proposal, the Commission understands that the application of the proposal is limited to instances where options are listed on the Original Equity Security.

[15] *See supra* note 12 and accompanying text.

persons not required to report their stock holdings under Section 16(a) of the Act to be options eligible. Under the most typical restructuring transaction, a spin-off to existing shareholders of the issuer of the Original Equity Security, the Exchange should be able to determine from publicly available information or otherwise reasonably deduce whether the Restructure Security will satisfy the 2,000 shareholder requirement and the 7 million share requirement. As an example, if Issuer A, having 10 million outstanding shares of common stock owned by persons not required to report their stock holdings under section 16(a) of the Act, and 5,000 shareholders, intends to effect a spin-off of a subsidiary, whereby one share of the subsidiary is issued to existing shareholders of Issuer A for each currently held outstanding share of Issuer A, immediately following the spin-off the former subsidiary will have 10 million shares held by persons not required to report their stock holdings under section 16(a) of the Act, and 5,000 shareholders. As a result, the former subsidiary will satisfy both the Share and Number of Shareholder Requirements.

As an alternative to the above, the proposal provides that the Exchange may make certain limited assumptions based on facts and circumstances that the Exchange expects to exist on the intended date for listing the options in order to determine the Share and Number of Shareholder Requirements. First, if a Restructure Security is to be listed on an exchange or in an automatic quotation system that has, and applies to the Restructure Security, an initial listing requirement that the issuer have no less 2,000 shareholders, the Commission believes that it is reasonable for the Exchange to assume that its comparable option listing requirement will be satisfied. Second, if a Restructure Security is to be listed on an exchange or in an automatic quotation system that has, and applies to the Restructure Security, an initial listing requirement of no less than 7 million shares owned by persons not required to report their stockholdings under section 16(a) of the Act, the Commission believes that it is reasonable for the Exchange to assume that its comparable option listing requirement will be satisfied.

The Commission notes that currently no exchange or automatic quotation system has a share requirement for initial stock listing purposes that is as stringent as those required under the options eligibility requirements. Moreover, a stock exchange may now be able to list stocks pursuant to alternate listing standards. For example, the Commission has recently approved alternate listing standards for companies listed on the NYSE, including, among other things, the distribution of shares.[16] Under these alternate listing standards, the NYSE is currently allowed to list certain companies with 500 shareholders that meet heightened requirements in other areas in lieu of its 2,200 total shareholder requirement. Therefore, the Exchange should be careful to precisely determine which listing standards are being applied to the listing of the Restructure Security prior to making a determination as to whether the Restructure Security meets the corresponding options listing criteria.

Additionally, the proposal provides that if at least 40 million shares of a Restructure Security will be issued and outstanding in a restructuring transaction, the Exchange may assume that the Restructive Security will satisfy both the Share and Number of Shareholder Requirements. The Commission believes this is appropriate because it appears unlikely that a Restructure Security with at least 40 million issued and outstanding shares, will have fewer than 2,000 holders or less than 7 million shares owned by persons not required to report their stock holdings under section 16(a) of the Act.

The Commission believes that concerns associated with the ability of the Exchange to make important listing decisions based on assumptions rather than confirmed facts are alleviated by the crucial provision contained in the proposal that the Exchange may not rely on the above assumptions if, after a reasonable investigation, it determines that either the Share or Number of Shareholder Requirements, in fact, will not be satisfied on the intended date for listing the option. At the very least, the Exchange should investigate the basis for its assumptions regarding the ownership of shares and number of shareholders just prior to selecting the option and just prior to trading the option, utilizing a worst case analysis in making its assumptions that the Restructure Security will meet these listing standards upon completion of the restructuring transaction.[17]

In addition, other exchanges will continue to have the opportunity to challenge the certification by demonstrating that the Restructure Security will not meet the initial listing criteria with respect to the Share and Number of Shareholder Requirements. The Commission believes that this provision provides an important check and should help to ensure that no unqualified securities are listed for options trading.

The Commission also believes that it is appropriate for the Exchange to apply the ''lookback'' provision, to determine if a Restructure Security will satisfy the Maintenance Volume and Price Tests. The Commission believes that it is appropriate to use the trading volume and market price history of the Original Equity Security, as well as any ''when issued'' trading in the Restructure Security for such calculations, provided that they are only used for determining price and volume history for the period prior to commencement of trading in the Restructure Security.

The commission notes that because the Maintenance Volume and Price Tests are calculated on a rolling forward basis, ''when issued'' trading history for the Restructure Security or trading history for the Original Equity Security prior to the ex-date may be used for maintenance calculations for no more than twelve months after the ex-date for the Restructure Security with respect to the Maintenance Volume Test, and for no more than six months after the ex-date for the Restructure Security with respect to the Maintenance Price Test. For example, if in order to satisfy the Maintenance Volume Test for a Restructure Security on November 1, 1995, for which the ex-date is September 1, 1995, an exchange may elect to base its determination on the trading volume of the Original Equity Security from November 1, 1994 through August 1, 1995, the trading volume in the when-issued market for the Restructure Security from August 2, 1995 through August 31, 1995, but must use the trading volume in the Restructure Security from September 1, 1995 through November 1, 1995. Similarly, in order to satisfy the Maintenance Price Test for the same Restructure Security on November 1, 1995, an exchange may elect to base its determination on the trading price of the Original Equity Security from August 1, 1995 through August 15, 1995, the trading price in the when-issued market for the Restructure Security from August 16, 1995 through August 31, 1995, but must use the trading price in the Restructure Security

[16] *See* Paragraph 102.01 of the NYSE's Listed Company Manual. *See also* Securities Exchange Act Release No. 35571 (April 5, 1995), 60 FR 18649 (April 12, 1995) (order approving proposed rule change relating to domestic listing standards).

[17] *See e.g.*, Letter from Michael Meyer, Schiff Hardin & Waite, to Sharon Lawson, Assistant Director, OMS, Market Regulation, dated January 25, 1995 (File No. SR–CBOE–95–11).

from September 1, 1995 through November 1, 1995.

The Commission notes that the Exchange's proposal only permits it to avail itself of the accelerated listing procedures for a traditional restructuring transaction that is limited to the distribution of shares to existing shareholders of the issuer of the Original Equity Security. Accordingly, the Commission notes that this proposal does not address or apply to restructuring transactions that involve a sale of such securities to the general public, including, but not limited to, initial public offerings or secondary offerings. The Commission is approving the current proposal based, in part, on the need for investors and other market participants with combined stock/option positions in an Original Equity Security to be able to maintain their positions immediately following a restructuring transaction. Otherwise, holders of the Original Equity Security might be temporarily prevented (until the Restructure Security independently satisfies the options listing criteria) from adequately hedging their involuntarily received new positions in the Restructure Security.

The Commission also notes that this proposal does not address or apply to restructuring transactions that involve a sale of such securities in a rights offering to existing holders of the Original Equity Security. The Commission believes that the contingencies in the terms of such an offering make it too difficult to determine whether the number of subscribers for such an offering would be adequate to meet the Share and Number of Shareholder Requirements and therefore such an offering does not justify the immediate availability of options for the underlying security.

The Commission believes that if the Exchange proposes to expand the scope of this proposal beyond that of restructuring transactions involving distributions of securities to existing shareholders or expanding the rule to include rights offerings, it must address potential concerns associated with being able to adequately determine the minimum number of publicly owned shares and holders of the Restructure Security that will exist on the intended date for listing the options in order to justify accelerated availability of options trading.

The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after the date of publication of notice in the **Federal Register**. The NYSE's proposed rule change is substantively identical to proposals submitted by the Chicago Board Options Exchange, the Pacific Stock Exchange, the Philadelphia Stock Exchange, and the American Stock Exchange, which were recently approved by the Commission.[18]

The NYSE rule change proposal raises no unique or novel issues that have not been previously addressed in the other options exchanges' approved proposals.[19] Moreover, the CBOE, PSE, and Phlx proposals were noticed for the full notice and comment period without any comments being received by the Commission.

Amendment No. 1 to the proposed rule change by the NYSE makes certain technical clarifications to make the proposed rule change substantively similar to those filed by the other options exchanges. The Commission does not believe Amendment No. 1 to NYSE's proposed rule change raises any new or unique regulatory issues. Accordingly, the Commission believes that it is consistent with section 6(b)(5) of the Act to approve the proposed rule change and Amendment No. 1 to the proposed rule change, on an accelerated basis.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street NW, Washington, DC 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying at the Commission's Public Reference Section, 450 Fifth Street, NW., Washington, DC. 20549. Copies of such filing will also be available for inspection and copying at the principal office of the NYSE. All submissions should refer to SR–NYSE–95–07 and should be submitted by August 24, 1995.

It is therefore ordered, pursuant to section 19(b)(2) of the Act,[20] that the proposed rule change, as amended, (File NO. SR–NYSE–95–07) is hereby approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[21]

[FR Doc. 95–19161 Filed 8–2–95; 8:45 am]

BILLING CODE 8010–01–M

[18] *See supra* note 4.

[19] *Id.*

[20] 15 U.S.C. 78s(b)(2).

[21] 17 CFR 200.30–3(a)(12).

DEPARTMENT OF TRANSPORTATION

[Docket 37554]

Notice of Order Adjusting the Standard Foreign Fare Level Index

Section 41509(e) of Title 49 of the United States Code requires that the Department, as successor to the Civil Aeronautics Board, establish a Standard Foreign Fare Level (SFFL) by adjusting the SFFL base periodically by percentage changes in actual operating costs per available seat-mile (ASM). Order 80–2–69 established the first interim SFFL, and Order 95–6–7 established the currently effective two-month SFFL applicable through July 31, 1995.

In establishing the SFFL for the two-month period beginning August 1, 1995, we have projected non-fuel costs based on the year ended March 31, 1995 data, and have determined fuel prices on the basis of the latest available experienced monthly fuel cost levels as reported to the Department.

By Order 95–7–48 fares may be increased by the following adjustment factors over the October 1979 level: Atlantic 1.4505, Latin America 1.4329, Pacific 1.5229.

For further information contact: Keith A. Shangraw (202) 366–2439.

By the Department of Transportation.

Dated: July 28, 1995.

Mark L. Gerchick,

Acting Assistant Secretary for Aviation and International Affairs.

[FR Doc. 95–19155 Filed 8–2–95; 8:45 am]

BILLING CODE 4910–62–P

Notice of Order Adjusting International Cargo Rate Flexibility Level

Policy Statement PS–109, implemented by Regulation ER–1322 of the Civil Aeronautics Board and adopted by the Department, established geographic zones of cargo pricing flexibility within which certain cargo rate tariffs filed by carriers would be subject to suspension only in extraordinary circumstances.

The Standard Foreign Rate Level (SFRL) for a particular market is the rate